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Text:

C O N F I D E N T I A L                      WARSAW 01341

SIPDIS  
CXWARSAW:  
    ACTION: ECON  
    INFO:     DCM PAS POL ADM MGT ORA FCS AMB

DISSEMINATION: ECOX  
CHARGE: PROG

APPROVED: AMB:VASHE  
DRAFTED: ECON:DBIRDSEY  
CLEARED: ECON:RRORVIG

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FM AMEMBASSY WARSAW  
TO RUCPDOC/USDOC WASHDC  
RUEHC/SECSTATE WASHDC 1217  
INFO RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 WARSAW 001341

SIPDIS

STATE PASS USTR/WEISEL/DONNELLY

E.O. 12958: DECL: 07/03/2021  
TAGS: [ETRD](#) [PL](#) [WTO](#)  
SUBJECT: POLAND: WEIGHING IN ON PHARM PRICE CUTS

REF: (A) WARSAW 1143 (B) WARSAW 1223

Classified By: AMBASSADOR VICTOR ASHE, REASONS 1.4 (b) and (d)

Corrected Copy -- classification line

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SUMMARY  
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11. (U) This contains an action request (see paragraph 6).

12. (C) The Ministry of Health,s decision to impose a 13 percent cut in the official price for imported pharmaceutical products was implemented on July 1, 2006. The draft regulations to impose the price cuts were published on the Ministry,s website on May 18, followed by official publication of legal ordinances on June 19, which noted that the regulations themselves would take effect July 1, two weeks later than originally planned. The Ministry has justified the price cuts for foreign pharmaceuticals based on the appreciation of the zloty against the Euro and dollar over the past two years, despite the fact that prices for the products had always been negotiated and denominated in zloty. Baker and McKenzie, on behalf of the Legal Affairs Working Group (LAWG) of the AmCham, produced an extensive analysis of the Ministry,s methodology, which further suggests that the outcome of the Ministry,s putative analysis was predetermined. However, we believe urgent action is nonetheless needed in order to shake the Polish government out of its complacent attitude toward these discriminatory actions.

13. (C) By all accounts, the price cuts are the brainchild of Deputy Minister of Health Boleslaw Piecha. Piecha, unlike Minister of Health Religa, is a PIS party member and appears to be the real power at the Ministry. Piecha and Religa,

according to some anecdotal reports, have been engaged in a minor power struggle for calling the shots at the Ministry. These price cuts have fostered an uncommon unanimity among affected U.S. and other non-U.S. LAWG companies, a list of which includes the following:

- Abbott
- AmGen
- Baxter
- Bristol Myers Squibb
- Janssen Cilag
- Eli Lilly
- Glaxo Smith-Kline
- Merck
- Novartis
- Pfizer
- Sanofi-Aventis
- Schering-Plough
- Wyeth

End Summary.

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EU ALLIES  
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¶3. (C) This issue has been remarkable to the extent that we have had significant EU member state support in our lobbying efforts. British, French, German, and Danish Embassy officials have made representations (with the British, at least, using Embassy-suggested talking points) to the Polish government protesting the price cuts. Our colleagues at USEU have also been active in presenting our arguments to the Commission, further sensitizing EU and Polish officials on all fronts to the seriousness of this issue.

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INTERVENTIONS  
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¶4. (C) In addition to the above, we know of the following additional high level interventions:

- letter from Ambassador Ashe to Minister of Health Religa
- letter from D/USTR to Economic Minister Wozniak
- phone call from Ambassador Ashe (followed up by letter) to U/S Andrzej Krawczyk of the President's Chancellery.

¶5. (C) While these steps have been useful, however, we believe that further high level pressure is needed in order to drive home our points to the Polish government.

¶6. (C) Action Requested: In order to follow on in a meaningful fashion (and at a meaningful level), Embassy Warsaw requests that Secretary of Commerce Gutierrez call Economic Minister Wozniak to express our view that the price cut measures may be serious violations of Poland's GATT and WTO commitments. We believe the Secretary, who visited Poland in January 2006 and was instrumental in focusing our dialogue with the Poles on the trade aspects of reimbursement-related issues, would be the ideal source for such a call. End Action Request.

ASHE  
ASHE